

**CANADA MALTING CO.
LIMITED**



Annual Report



FOR THE YEAR ENDING DECEMBER 31, 1941

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McGILL UNIVERSITY

Board of Directors

GEO. BAILEY	JOHN P. HEIGHTON
ERIC S. CLARKE	WALTER C. LAIDLAW
J. E. GRANT	ARNOLD C. MATTHEWS
H. C. HATCH	L. M. McCARTHY
C. H. S. MICHIE	



Executive Officers

ARNOLD C. MATTHEWS	- - - - -	President
H. C. HATCH	- - - - -	Vice-President
ERIC S. CLARKE	- - - - -	Managing-Director
JOHN P. HEIGHTON	- - - - -	Secretary and Treasurer

Report of the Directors to the Shareholders of
CANADA MALTING CO., LIMITED

For the Fiscal Year ending December 31, 1941

Your Directors herewith submit the Balance Sheet and Profit and Loss Statement, as certified by your Company's Auditors, Messrs. Price, Waterhouse & Co., for the year ended December 31, 1941.

Final net profit was \$608,404.53, or \$3.05 per share, compared with \$2.63 per share in 1940 and \$3.27 in 1939.

A reserve, at Government rates, amounting to \$317,441.21, has been set aside for depreciation of properties. This is somewhat greater than previous years, due to the substantial increase in Capital Assets and the fact that all your properties were operating 100% during the period.

The provision for Dominion Income and Excess Profits Taxes equals \$493,260.00, or \$2.47 per share. No provision has been made for Provincial Profits Tax for 1941, as it is hoped such tax is abolished for the duration of the war.

It will be recalled that a substantial addition to the productive capacity of your Company was completed during the latter months of 1940. A ready market was found for this increased production in 1941, in both the export and domestic field—consequently, the volume of sales in the period under review was the largest in the history of the Company.

In recent months, the domestic demand for our products has been increasing rapidly, due, to a great extent, to certain war orders of our customers, and, as it is necessary to adequately supply our Canadian Trade, notwithstanding the persistent enquiry and higher prices available from foreign markets, export sales have ceased.

All of your properties have been maintained in a satisfactory state of repair. Capital expenditures, amounting to \$42,401.37, were made in 1941.

The net working capital is approximately \$3,815,000.00—with a ratio of current assets to liabilities of nearly 6 to 1.

Your Directors wish to express again their appreciation of the loyal and efficient support rendered by the officers, staff and employees of the Company throughout the year.

Submitted on behalf of the Board.

ARNOLD C. MATTHEWS,
President.

CANADA MALTING

Balance Sheet, 1941

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$ 263,879.37
Investment in marketable securities, at cost	1,163,306.97
(Market value \$1,026,207.00)	
Accounts receivable, less reserve	570,507.24
Inventories, as determined and certified to by responsible officers of the company:	
Malt, barley, etc.—on the basis of approximate cost, less reserve	\$2,505,372.93
Coal, bags, etc.—on the basis of cost	85,077.16
	2,590,450.09
	<u>\$4,588,143.67</u>

DOMINION OF CANADA BONDS, at cost: Deposited with Department of National Revenue	4,338.75
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GRAIN EXCHANGE SEATS AND MEMBERSHIP IN CLEARING HOUSE, at cost	16,700.00
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DEFERRED CHARGES:

Prepaid taxes, insurance, etc.	\$ 29,325.69
Machinery repair parts and office supplies	9,000.00
	<u>38,325.69</u>

FIXED ASSETS, based on appraised depreciated values as reported by Canadian Appraisal Company Limited as at June 25, 1927, plus subsequent additions at cost:

Land	\$ 242,532.81
Buildings	\$2,996,483.32
Plant and equipment	2,425,291.30
	<u>\$5,421,774.62</u>
Less—Reserve for depreciation	2,541,509.81
	<u>2,880,264.81</u>
	<u>3,122,797.62</u>
	<u><u>\$7,770,305.73</u></u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the books and accounts of Canada Malting Co., Limited, information and explanations which we have required; and we report that, in our correct view of the state of the company's affairs as at December 31, 1941, according to the books of the company.

TORONTO, February 20, 1942.

NG CO., LIMITED

December 31st, 1941

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 307,722.13
Reserve for Dominion and Provincial income taxes, excess profits tax, etc.	465,419.21
	<u>\$ 773,141.34</u>

CAPITAL AND SURPLUS:

Capital Stock—	
Represented by 198,972 shares with- out nominal or par value	\$4,441,960.00
(Authorized 200,000 shares)	
Capital Surplus (no change during the year)	797,676.01
	<u>\$5,239,636.01</u>
Earned Surplus (as per statement attached)	1,757,528.38
	<u>6,997,164.39</u>

Approved on behalf of the Board:

ERIC S. CLARKE, Director.

JOHN P. HEIGHTON, Director.

\$7,770,305.73

for the year ending December 31, 1941, and have been furnished with all the
opinion, the above balance sheet is properly drawn up so as to exhibit a true and
to the best of our information and the explanations given to us, and as shown by

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

CANADA MALTING CO., LIMITED

Statement of Profit and Loss and Earned Surplus For the Year Ending December 31, 1941



PROFIT AND LOSS

Particulars	Amount
Profit from operations for the year after charging all manufacturing, selling and general expenses, but before providing for the under-noted charges	\$1,409,836.76
Deduct—	
Directors' fees	\$ 2,500.00
Total amount paid or provided as counsel and solicitors' fees, and remuneration and fees of executive officers and directors who hold salaried positions in the company	57,161.13 59,661.13
Operating Profit for the year, before providing for depreciation and income taxes	\$1,350,175.63
Deduct— Provision for depreciation	317,441.21
	\$1,032,734.42
Deduct— Provision for Dominion income and excess profits taxes	493,260.00
	\$ 539,474.42
Add— Income from investments, bank balances, etc.	68,930.11
Net Profit for year ending December 31, 1941, carried to Earned Surplus	<u>\$ 608,404.53</u>

EARNED SURPLUS

Balance as at December 31, 1940	\$1,646,553.85
Add—	
Net profit for the year ending December 31, 1941	\$608,404.53
Deduct— Dividends paid	497,430.00
	110,974.53
Balance as at December 31, 1941	<u>\$1,757,528.38</u>

